

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1175.
FILED, SEPTEMBER 17th. 1964.

PERUVIAN OILS & MINERALS LIMITED

Full corporate name of Company
Incorporated under the laws of the Province of Ontario by
Letters Patent dated May 8, 1952.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957). Reference is made to previous
Filing Statement No. 836.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Certain changes in the directors and officers of the Company; (b) Exercise of certain incentive share options; (c) Participation in oil and/or natural gas ventures in Ohio; (d) Transaction involving Commercial Recording Corporation et al of Dallas, Texas, and lawsuit concerning same (See Schedule "A" on pages 3 & 4).
2. Head office address and any other office address.	Head Office: Suite 911, 85 Richmond Street West, Toronto Also: Edificio Republica, Lima, Peru.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	The following directors have been elected at the annual meeting of the shareholders held on September 16, 1964, and the following officers have been subsequently appointed: President and Managing Director and a Director: JOSEPH J. RANKIN, 11 York Ridge Drive, Willowdale, Ontario, Mining Executive. Vice-President and a Director: ROBERT L. SEGSWORTH, 23 Errington Avenue, Toronto, Ontario, Mining Engineer. Secretary and a Director: JOHN S. GRANT, Q.C., 17 Daleberry Place, Willowdale, Ontario, Lawyer. Director: CHARLES G. SCHIEFELBEIN, 7429 -18th Avenue, South, Minneapolis, Minnesota, U.S.A. Executive. Director: JEROME C. BYRNE, 18 Ormsby Crescent, Toronto, Ontario, Mining Executive. Director: RALPH C. TRAFICANTE, 3258 Pierce Street, Minneapolis, Minnesota, U.S.A., Executive. Director: A. LYNDON BELL, Chautauqua, Illinois, U.S.A. Petroleum Geologist. Treasurer: WALTER STEUERMAN, 630 Roselawn Avenue, Toronto, Ontario, Accountant. On July 8, 1964, John J. Coyle, formerly the Chairman of the Board, the President and a Director, resigned from such offices and as a Director. On the same date Joseph Wolfman and Thomas Gwin resigned as Directors. Messrs. Segsworth, Grant and Schiefelbein above, were appointed to the Board on that date. Subsequently Richard W. Blue, a former director submitted his resignation, which was accepted, and on August 13, A. Lyndon Bell aforesaid was appointed a director in place of Mr. Blue. Messrs. Deely and Carrera two of the former directors, remained on the Board until the annual meeting.
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized capital: \$5,000,000 divided into 5,000,000 shares with a par value of \$1 each. Issued: 2,931,671 shares, all as fully paid.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	John J. Coyle, formerly the President and a Director has exercised his incentive share option to the extent of 66,666 shares at \$1.50 per share, and holds no further option rights. Joseph J. Rankin, the Managing Director has exercised in full his option on 50,000 shares at \$1 per share. None of the treasury shares of the Company are now the subject of any underwriting, sale or option agreement.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Not applicable.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None.
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company will continue to examine participation opportunities and ventures in the oil and/or natural gas exploration or production fields. No part of the Company's funds will be used for such purposes unless and until an amending filing statement, giving notice thereof, has been accepted for filing by the Toronto Stock Exchange. See the answer to item 10 hereof.

10. Brief statement of company's chief development work during past year.	No exploration or development work was done on the Company's holdings in Peru. The Company has participated in the following oil and/or natural gas ventures:
	1.- The Company has taken an 18.75 per cent interest in an oil and natural gas exploration program in southwestern Ontario, in partnership with Rayrock Mines Limited, Dardo Explorations Limited, John M. Connell, of Toronto, and John Nemec of Chatham. The total outlay in this regard, by the Company, has been \$10,940.74. The partners operate as the Shetland Syndicate and limited oil production has been obtained from two completed wells. Exploration is continuing. 2.- The Company has recently invested a total of \$52,500 in connection with a participation with Kin-Ark Oil Company of Tulsa and Amerada Petroleum Corporation. Of these funds, \$20,000 was paid to Kin-Ark for a one-quarter working interest in leases over some 10,000 acres in Holmes County, Ohio. The sum of \$32,500 was paid as the Company's one-half share of the cost of a test well being drilled by Kin-Ark on a farm out from Amerada. The Company will have a one-quarter of the working interest in the well. The first hole was drilled to the Trempealeau formation at approximately 6,800 feet and while testing is not yet complete, the Company understands that first indications are that commercial gas may be obtainable from the Berea formation at 1,000 feet, and the Clinton at 4,000 feet. 3.- The Company has entered into a further agreement with Kin-Ark and Great Basins Petroleum Company of Los Angeles involving the carrying out by the Company and Great Basins respectively of seismic-graphic work over certain leases (yet to be selected) and held by Kin-Ark in Ohio. If warranted the said two companies will each drill a test well, and earn a checkerboarded interest in the respective lease blocks. In addition each of Peruvian and Great Basin would have the option to buy from Kin-Ark at \$25 per gross acre one-half of Kin-Ark's interest in the checkerboarded tracts of the leases drilled by the other of them. 4.- Under an agreement not yet completed, the Company will examine seismic results on certain leases in Morrow County, Ohio, and if it elects, will drill two test wells thereon, to earn a 50 per cent interest in the project with Kin-Ark. 5.- The Company also purchased a \$5,000 unit in the Dundee Syndicate set up at \$50,000 by J. McCluskey to investigate oil and/or natural gas lands in southwestern Ontario. 6.- The Company paid \$7,500 (U.S.) to Obie Shaw, of Worthington, Ohio, to earn a 1/16th of the working interest in two leases in Morrow County, Ohio, and in two test wells to be drilled thereon. Both wells were drilled and were unsuccessful and were abandoned. 7. The Company owns a 60% interest in a United Kingdom corporation formed to bid on production licences under the North Sea. The United Kingdom government has informed such corporation that it has been awarded two licences, covering approximately 193 square miles. The total investment of the Company to date, for licence fees and incorporation expenses is \$27,500.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None, but see answer to item 10 hereof.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	The only companies and/or persons with whom the Company has been associated or will be associated respecting the ventures described in item 10 hereof are those named in item 10. Rayrock Mines Limited is a public mining company the shares of which are listed on the Toronto Stock Exchange. Dardo Explorations Limited is understood to be controlled by D'Arcy M. Doherty of Toronto. The Company has no idea of who may own more than a 5 per cent interest in Kin-Ark Oil Company, whose shares are listed on the American Stock Exchange.

SCHEDULE "A"

Note - The following information has been extracted from the Proxy Statement which was sent to shareholders prior to the Annual Meeting held on September 16th.

GENERAL

During the year 1963 the Company made cash advances of \$378,438 (Canadian funds) in contemplation of the proposed acquisition by the Company of certain interests in radio, broadcasting and recording companies. Of such advances, \$162,188 was advanced to University Advertising Company, of which John J. Coyle (then the President and a director of the Company) was at the time a director, President and controlling shareholder; Dillard Carrera (a director and formerly the Secretary of the Company) was at the time a director, treasurer and shareholder; Joseph Wolfman (formerly a director of the Company) was at the time the Vice-President and his wife Mrs. Irma B. Wolfman was at the time a shareholder. The further sum of \$162,188 was advanced to Commercial Recording Corporation of which the said John J. Coyle was at the time a director, President and a shareholder, and Thomas E. Gwin (formerly a director of the Company) was at the time a director, Vice-President and a shareholder. None of the aforesaid proposed transactions were completed and the full amount of such advances was subsequently refunded to the Company.

On March 6, 1964 the sum of \$243,000 (Canadian funds) was paid by the Company to Commercial Recording Corporation in connection with the proposed purchase of securities of that company. At that date John J. Coyle and Thomas E. Gwin aforesaid were in the relationship above-stated to Commercial Recording Corporation. At a meeting of the directors of the Company held on April 23, 1964 it was resolved that the previous resolution of the directors authorizing the aforesaid transaction be rescinded and cancelled. It was stated by the said John J. Coyle to that meeting that rescission of the transaction was agreeable to Commercial Recording Corporation and the holders of its securities and it was further stated by Mr. Coyle that the deposit of \$243,000 (Canadian funds) previously made by the Company would be returned to the Company within 30 days from April 23, 1964. The Company incurred auditing expenses of \$4,391.45 (U.S. funds) in connection with the transaction. No part of the said sum of \$243,000 (Canadian funds) has yet been returned to the Company.

During May of this year an action was instituted in the District Court of the United States for the Northern District of Texas, Dallas Division, by James W. Slade and Richard W. French, as plaintiffs against John J. Coyle, C. L. Deely, the Company, Commercial Recording Corporation and University Advertising Company as defendants. According to the complaint filed in the action, the plaintiffs are Minnesota residents and shareholders of the Company and have brought action on behalf of themselves and all other shareholders for an accounting of and the recovery of the sum of \$225,000 (U.S. funds) allegedly wrongfully diverted from the Company treasury to the aforesaid Commercial Recording Corporation, in which company John J. Coyle is understood to have a substantial share interest.

At a meeting of the directors of the Company held at Dallas on July 8, the resignation of John J. Coyle as a director and as President of the Company was tendered and was accepted. At the same meeting Joseph Wolfman and Thomas Gwin, who were directors, submitted their resignations and these were also accepted. Subsequently, at a meeting of the Board on August 13, the resignation of Richard W. Blue as a director was received and was accepted. Messrs. Dillard Carrera and Carroll Deely have remained on the Board until a new Board has been elected at the annual meeting. Reference is made, in this regard, to the heading ELECTION OF DIRECTORS AND NOMINATIONS THEREFOR, in this Proxy Statement, for a statement of the seven persons for whose election as directors it is proposed that proxies will be voted. To fill the three vacancies resulting from the said resignations of Messrs. Coyle, Wolfman and Gwin, on July 8 Messrs. Robert L. Segsworth and John S. Grant of Toronto, and Charles G. Schiefelbein of Minneapolis were appointed to the Board. Mr. Rankin was elected President and Mr. Grant was appointed Secretary. To fill the vacancy resulting from the resignation of Richard W. Blue, A. Lyndon Bell of Chatauqua, Illinois was appointed a director on August 13.

The directors have engaged Dallas counsel for the Company to represent the Company in the aforementioned law suit and have instructed counsel to take all possible steps to have the Company removed as a defendant and added as a party plaintiff in the action.

The Company has been informed by American counsel that a motion is being made to the aforesaid Court as soon as possible for an Order of the Court to remove the Company as a party defendant and to add it as a party plaintiff in the action. Every effort will be made by the Company to recover the said sum of \$225,000 (U.S. funds) with interest, and the Company plans to pursue its rights vigorously in the courts.

According to the records of the Company no person was the owner, on August 1, 1964, of more than 10% of the outstanding shares of the Company, and, as at such date, the Management had no knowledge of any person owning beneficially more than 10% of the outstanding shares of the Company.

The shares of the Company were suspended from the active trading list on the Toronto Stock Exchange on March 17, 1964. Such suspension resulted from the transaction involving Commercial Recording Corporation and referred to above. It is the intention of Management to make immediate application to the said Exchange for the restoration of the Company's shares to the active trading list.

EXERCISE OF CERTAIN INCENTIVE OPTIONS

During the period July 10 to July 22, 1964 John J. Coyle aforesaid, who was until July 8, 1964 the President and a director of the Company, purchased from the Company a total of 66,666 shares at the price of \$1.50 per share. These purchases were in the exercise by Mr. Coyle, to the full extent available to him, of an option on all or any part of 100,000 shares granted to him by the Company pursuant to an agreement with Mr. Coyle dated May 5, 1959 and amended by agreement dated May 23, 1962. The said agreement provided in part as follows "4. By accepting this option Coyle agrees for himself and his legal representatives that each time that any portion of the option hereby granted is exercised, Coyle will as required by the Company either (1) certify that he is purchasing for investment and not with a view to distribution or (2) give his undertaking that he will not make any disposition of the shares acquired on the exercise of the option unless and until all requirements under the Securities Act of 1933 have been complied with." The agreement, as amended, afforded to Mr. Coyle the right, should he cease to be an officer of the Company after May 5, 1963, to purchase within three months from the date of his ceasing to be an officer of the Company, a sufficient number of shares so that the total number of shares purchased is equal to 33,333 for each full year from and after May 5, 1962 during which Mr. Coyle held office. He thus became entitled to purchase the aforesaid total of 66,666 shares.

At the time of the listing of the said 100,000 shares of the Company on the American Stock Exchange the Listing Application related thereto included the following statement: "Registration Under Securities Act of 1933. The Company has been advised by Chadbourne, Parke, Whiteside & Wolff, 25 Broadway, New York 4, New York, its special U.S. Counsel, that the 100,000 shares of its \$1.00 par value Capital Stock reserved for issuance pursuant to the terms of the said agreement dated May 5, 1959 between the Company and the said John J. Coyle as amended by the said agreement dated May 23, 1962 between the said parties will be exempt from registration under Section 4(1) of the Securities Act of 1933, it being a condition to the exercise of options granted thereunder that the optionee represent in writing that he is acquiring such shares for investment purposes only and not with a view to distribution thereof."

At the time of the execution of the said option agreement dated May 5, 1959, Mr. Coyle was the Vice-President of the Company. At the time the amending agreement of May 23, 1962 was executed Mr. Coyle was the President of the Company. He was the President of the Company at the date of the approval of the listing of the said 100,000 shares on the American Stock Exchange, namely August 14, 1962. It is the opinion of present Management that Mr. Coyle had or should have had actual knowledge of the representations required to be made by him to the Company or the undertaking required to be given by him to it at the time of exercise by him of any part of the option.

At the times of exercise by Mr. Coyle of the option to the extent of the said total of 66,666 shares (and being during the period July 10 to July 22, 1964) he did not, at any time, certify that he was purchasing for investment and not with a view to distribution nor did he at any time give his undertaking that he would not make any disposition of the shares acquired on the said exercise of the option unless and until all requirements under the Securities Act of 1933 had been complied with.

The error of the Company in permitting Mr. Coyle to exercise his option without complying with the option agreement was due largely to a series of circumstances including the resignation of General Counsel of the Company in December 1963; location of most of the Company directors in Dallas, Texas; resignation of Mr. Coyle as President and a director and of two other directors in July, 1964 and discovery that the sum of \$225,000 company funds has been used by the former Company President. These and other such conditions have brought about a transitory period during which the Company lacked continuity in leadership.

Reference is made to the heading "General" in this Proxy Statement whereunder there are set out recent changes effected in the Management of the Company and arising from the recent resignations of Mr. Coyle and certain others who were formerly directors and/or officers.

The Company has received information to the effect that during or shortly after the period of July 10 to July 22, 1964, Mr. Coyle sold in the open market all of the aforesaid 66,666 shares. The Company has no knowledge as to the purchasers from Mr. Coyle of any of such shares nor as to the purchase price paid in any of such cases. The quoted market price for shares of the Company on the American Stock Exchange fluctuated during the aforesaid period between a high of \$2.50 bid and a low of \$1.87½ bid. Counsel for the Company has been informed by counsel for Mr. Coyle that Mr. Coyle realized a profit of approximately \$30,000 from the sale of the said 66,666 shares, and that the greater part of such sum was used by Mr. Coyle to obtain interim financial assistance for Commercial Recording Corporation aforesaid.

As the result of the failure on the part of Mr. Coyle to comply with the terms of his option agreement and the oversight on the part of the Company in issuing the 66,666 shares without restricting their transferability, there may not have been an exemption from registration for the Company's issuance of the 66,666 shares. Should such be the case and in view of the fact that the Company has taken no steps to register the shares under the Securities Act of 1933, it is the opinion of the Company that such shares should not have been publicly sold by Mr. Coyle without registration.

J. J. Rankin, the present President and the Managing Director of the Company has exercised in June, 1964 the balance of his incentive option granted under an agreement with the Company dated October 1, 1962, and subsequently amended. Mr. Rankin has purchased 50,000 shares of the Company at a price of \$1. per share and has thus exercised the option in full. Mr. Rankin has retained ownership of such shares for investment purposes in keeping with the terms of the option agreement.

FINANCIAL STATEMENTS

PERUVIAN OILS & MINERALS, LIMITED

(Incorporated under The Corporations Act, Ontario)

Balance Sheet as at December 31, 1963

ASSETS

LIABILITIES

Current:		Current:	
Cash:		Accounts payable and accrued liabilities	\$ 82,470
In Canada	\$ 421,971	Capital Stock (Note 5):	
In the United States	118,696	Authorized — 5,000,000 shares par value \$1.00 each	
In Peru	7,716	Issued and outstanding — 2,815,005 shares including 470,000 shares issued for property	\$2,815,005
Total cash	548,383	Less net discount	327,420
Advances (Note 2)	378,438	Net capital stock	2,487,585
Accrued interest receivable	3,879	Earned Surplus	318,837
Due from participants in joint ventures	55,407		
Income taxes overpaid	195		
Other accounts receivable	12,641		
Prepaid expenses	5,383		
Total current assets	1,004,326		
Property and Equipment — at cost less accumulated depreciation and depletion — Schedule 1	676,671		
Unrecovered Exploratory and Development Costs (Note 3)	1,193,171		
Other Assets:			
Compania Minera Toronto S.A. — shares — at cost less amount written off (Note 4)	\$ 1		
Deposits	6,065		
Organization expenses	8,658		
Total other assets	14,724		
TOTAL	\$2,888,892	TOTAL	\$2,888,892

The accompanying notes are an integral part of the financial statements.

AUDITORS' REPORT

To the Shareholders of
Peruvian Oils & Minerals, Limited:

We have examined the balance sheet of Peruvian Oils & Minerals, Limited as at December 31, 1963 and the statements of operations and earned surplus and unrecovered exploratory and development costs for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

April 22, 1964.

In our opinion the accompanying balance sheet and statements of operations and earned surplus and unrecovered exploratory and development costs present fairly the financial position of the company at December 31, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied, except as indicated in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

DELOITTE, FLENDER, HASKINS & SELLS,
Chartered Accountants.

STATEMENT OF OPERATIONS AND EARNED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1963

Income:

Income from oil and gas production — Schedule 2	\$ 50,673
Interest income	25,378
Total income	<u>76,051</u>

General and Administrative Expenses:

Managing director's salary	\$ 6,000
Accounting, office services and rent	12,000
Dallas office	12,940
Legal and audit	9,689
Transfer agency	8,261
Publicity	10,719
Travel	7,495
Reports to shareholders	4,597
Foreign exchange loss	4,285
Other	<u>4,120</u>

Total general and administrative expenses 80,106

Operating Loss 4,055

Other Charge — write-off of investment in Compania Minera Toronto S.A. (Note 4) 39,396

Net Loss Before Income Taxes 43,451

Provision for Income Taxes (Note 6) 4,206

Net Loss for the Year 47,657

Write-off of the Accumulation of General and Administrative Expense Charges Carried in

Unrecovered Exploratory and Development Costs at December 31, 1962 (Note 3) 348,108

395,765

Earned Surplus, December 31, 1962 714,602

Earned Surplus, December 31, 1963 \$ 318,837

The accompanying notes are an integral part of the financial statements.

STATEMENT OF UNRECOVERED EXPLORATORY AND DEVELOPMENT COSTS

FOR THE YEAR ENDED DECEMBER 31, 1963

Balance, December 31, 1962 \$1,458,156

Deduct:

General and administrative expense charges accumulated to December 31, 1962, written off
(Note 3) 348,108

1,110,048

Exploratory and Development Expenses in Peru:

Annual surface taxes	\$ 30,258
Geological fees and expenses	7,885
Drilling	357
Salaries and wages	9,467
Legal and accounting fees	5,471
Depreciation of furniture and fixtures	299
Interest earned and sundry credits	(1,113)
Foreign exchange adjustments	(6,993)
Other development expenses	<u>26,310</u>
	71,941

Joint Venture Explorations:

In Canada	\$ 11,863
In Mexico	<u>2,157</u> 14,020

Development Expenses in Canada (Alberta):

Water flooding pressure maintenance program —	
Pembina Cardium Unit No. 4	696
Less amortization for the year	<u>3,534</u> (2,838)

Total expenditures during the year 83,123

Balance, December 31, 1963 \$1,193,171

() Denotes deduction.

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1963

1. Peruvian soles have been converted to Canadian dollars at the following rates: current assets and current liabilities at the current exchange rate; certain expenditures for oil concessions at the exchange rates prevailing on the dates of payment to the Peruvian Government; other assets and capitalized expenses at the average exchange rates for the calendar years in which the expenditures were made. United States dollars included in cash have been converted to Canadian dollars at the current exchange rate.

2. During the year cash advances of \$378,438 were made in contemplation of the acquisition of interests in radio broadcasting and recording companies in the United States. The company holds promissory notes dated October 1, 1963 with interest at 6% from University Advertising Company and Commercial Recording Corporation in the amount of \$150,000 U.S. each, as security for these advances.

Subsequent to December 31, 1963 the following transactions occurred:

- (a) On January 15, 1964 an amount of \$162,188 was recovered from University Advertising Company and an amount of \$162,188 was recovered from Commercial Recording Corporation.
- (b) On March 6, 1964 a payment of \$243,000 was made to Commercial Recording Corporation.
- (c) On April 14, 1964 an amount of \$54,063, representing the balance of the 1963 advances, was received from Gas and Oil Managers Inc.
- (d) On April 23, 1964 the company reversed its decision to invest in Commercial Recording Corporation and has since been advised that the advance of \$243,000 is to be recovered on or before May 23, 1964.

3. In 1963 the company changed its method of allocating general and administrative expenses. Prior to 1963 a portion of these expenses was capitalized under "Unrecovered Exploratory and Development Costs", whereas in 1963 all general and administrative expenses were charged to operations. If the prior years' method had been used in 1963, the net loss for the year before income taxes would have been decreased by approximately \$23,240.

The accumulation of these expenses capitalized as "Unrecovered Exploratory and Development Costs" as at December 31, 1962 of \$348,108 was written off to surplus in 1963.

4. Compania Minera Toronto S.A., a Peruvian exploration company, is presently inactive and is expected to be wound up resulting in only a nominal recovery to Peruvian Oils & Minerals, Limited. The company has therefore written off its investment in Compania Minera Toronto S.A.

5. Incentive options granted to certain executive officers of the company to purchase 100,000 shares at \$1.50 per share and 50,000 shares at \$1.00 per share are outstanding and expire on May 5, 1965 and October 31, 1965 respectively; provision being made for termination of a portion of the option upon the optionee's ceasing to hold office.

6. Income taxes of \$2,300 which would otherwise have been payable on the income of the year have been deferred by claiming development expenses and capital cost allowances for tax purposes in excess of amounts charged to income in the accounts. The net accumulated amount by which income taxes otherwise payable have been so reduced, including adjustments in estimates of income taxes otherwise payable in prior years, is \$88,600.

SCHEDULE OF PROPERTY AND EQUIPMENT

DECEMBER 31, 1963

South America (Peru):

Oil concessions:

Deposits (net of refunds and recoveries)	\$ 109,068	
Additional cost on concession acquired at auction	389	
Concession title charge	18,414	
	<u>127,871</u>	

Add:

Shares issued at par for commissions and services relating to investigations and negotiations for oil concessions	70,000	\$ 197,871
Office furniture and fixtures — at cost	3,992	
Less accumulated depreciation	<u>2,955</u>	<u>1,037</u>
Total property in South America		<u>198,908</u>

Western Canada (Alberta):

Oil leases — at cost:

Cash	64,469	
Shares issued at a premium of 25¢ each	500,000	
	<u>564,469</u>	
Less accumulated depletion	<u>185,776</u>	<u>378,693</u>

Machinery and equipment — at cost	137,910	
Less accumulated depreciation	<u>38,840</u>	<u>99,070</u>
Total property in Canada		<u>477,763</u>

Total property and equipment		<u>\$ 676,671</u>
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SCHEDULE OF INCOME FROM OIL AND GAS PRODUCTION

FOR THE YEAR ENDED DECEMBER 31, 1963

Sale of crude oil and natural gas	\$ 114,417
Production expenses:	
Operating expenses	\$ 17,024
Lease rental expenses	1,401
Field facility and gas collection expenses	12,712
Insurance and taxes	2,046
Depletion of oil leases	21,494
Amortization of development costs	3,534
Depreciation of machinery and equipment	5,533
Total production expenses	63,744
Income from Oil and Gas Production	<u>\$ 50,673</u>

PERUVIAN OILS & MINERALS, LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE SIX MONTHS ENDED JUNE 30, 1964

Source of Funds

Western Canada operations			
Net income from operations	\$ 10,417		
Add - charges against operations not involving outlay of cash			
Depreciation	\$ 14,838		
Depletion	9,285		
Amortization	<u>1,566</u>	<u>25,689</u>	\$ 36,106
Interest income			7,590
Sale of equipment			150
Refund of advances -			
University Advertising Company		162,188	
Commercial Recording Corporation		162,188	
World Broadcasting Company		<u>54,062</u>	378,438
Sale of 50,000 treasury shares at \$1.00 per share pursuant to exercise of option			<u>50,000</u>
			<u>472,284</u>

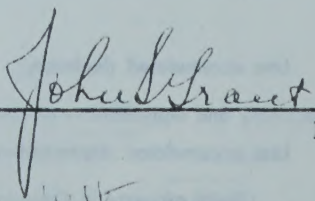
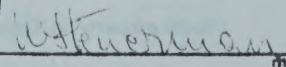
Application of Funds

Peruvian operations (Note 2)		40,300
Participations - Shetland Syndicate	8,378	
Dundee Township - S.W. Ontario	5,000	
Ohio leases	<u>8,128</u>	21,506
Advance - Commercial Recording Corporation (Note 3)		243,000
Development costs - Western Canada		90
General and administrative expenses - including loss on foreign exchange		<u>57,279</u>
		<u>362,175</u>

Increase in Funds - represented by the following increase

in working capital during the period		
Working capital at June 30, 1964	659,311	
Working capital at December 31, 1963 (Note 1)	<u>549,202</u>	<u>\$110,109</u>

See Accompanying Notes


 Director

 Treasurer

PERUVIAN OILS & MINERALS, LIMITED

NOTES TO STATEMENT OF SOURCE AND APPLICATION OF FUNDS

JUNE 30, 1964

- (1) The working capital figure for December 31, 1963 has been adjusted by eliminating therefrom amounts applicable to Peru and the amount of advances to certain U.S. companies in the radio broadcasting and recording fields. Details are as follows:

Working capital per financial statements at December 31, 1963	\$921,856
Add - deficiency of working capital Peruvian operations	<u>5,784</u>
	927,640
Deduct - advance to U.S. companies	<u>378,438</u>
Adjusted working capital December 31, 1963	<u>\$549,202</u>

- (2) Due to the non-availability of detailed amounts relating to the Peruvian operations, these have been eliminated from the attached statements. During the six months period an amount of \$40,300 was spent in maintaining the company's concessions in Peru and in the provision of working capital for the Lima office.
- (3) The advance of \$243,000 (U.S. \$225,000) to Commercial Recording Corporation is presently the subject of legal action, full details of which are included in the accompanying filing statement.
- (4) Subsequent to June 30, 1964 the following transactions occurred other than in the company's Western Canada and Peruvian operations -

Receipts:

Exercise of capital stock options	<u>\$ 99,999</u>
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Disbursements:

Participations -	
Kin-Ark Oil Company - Ohio leases	\$ 56,831
White Rock Oil & Gas Limited - North Sea exploration	<u>6,000</u>
	<u>\$ 62,831</u>

13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None.
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable.
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	According to the stock registrar and transfer agent of the Company: Merrill, Lynch, Pierce, Fenner & Smith, Inc. 70 Pine Street, New York, U.S.A. 157,788 shares Payne, Webber, Jackson & Curtis, 25 Broad Street, New York, U.S.A. 95,760 shares Doherty, Roadhouse & McCuaig Bros. 335 Bay Street, Toronto, Ontario 69,366 shares Goodbody & Co. 2 Broadway, New York, U.S.A. 62,255 shares Walston & Co. Inc., 74 Wall Street New York, U.S.A. 60,500 shares None of the above shares are believed by the signatories to be beneficially owned by the registered holders. The beneficial owners are unknown to the signatories. J.J. Rankin aforesaid beneficially owns 100,000 shares, some of which may be included in the above.
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	It is believed that the present directors are in such a position, dependent upon proxies in their favour from shareholders holding a sufficient number of shares to constitute a majority at an annual meeting of the shareholders.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	None, except for shares in Compania Minera Toronto S.A., a Peruvian company, presently inactive. The Company's investment was \$39,396 and has been written down to \$1. as this company's assets have been liquidated.
18. Brief statement of any lawsuits pending or in process against company or its properties.	See Schedule "A" on pages 3 & 4.
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	See Schedule "A" on pages 3 & 4.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	No other material facts. No shares are known by the signatories to be in primary distribution.

CERTIFICATE OF THE COMPANY

DATED September 17, 1964

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

PERUVIAN OILS & MINERALS LIMITED

"J. Rankin"

CORPORATE
SEAL

"J.S. Grant"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)